

State of Vermont
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Agency of Human Services

June 23, 2009

The State Fiscal Year 2010 Budget Act includes several measures that affect Vermont pharmacies, prescribers and beneficiaries of Vermont's publicly funded pharmacy programs.

EFFECTIVE JULY 2009 IMPORTANT CLAIMS PROCESSING AND REIMBURSEMENT CHANGES

Reimbursement for Pharmacy Claims

The SFY 2010 budget requires OVHA to decrease the total pharmacy reimbursement by 2% effective July 15, 2009. To accomplish this, the methodology used to price pharmacy claims will remain the same; however, the percentage off Average Wholesale Price (AWP) will increase from AWP-11.9% to AWP-14.2%. As a result the pricing algorithm will become the lesser of:

- AWP –14.2%+ dispensing fee
- o CMS Federal Upper Limit (FUL) + dispensing fee
- O State Maximum Allowable Cost (MAC) + dispensing fee
- Usual and Customary (U/C) (includes dispensing fee)

Dispensing Fees

Out-of-State Pharmacies: Effective July 1, 2009, dispensing fees paid to out-of-state pharmacies will be \$2.50 per script.

90-Day Prescriptions for Maintenance Drugs – Only When OVHA is the Primary Payer

Each time a drug is dispensed, a dispensing fee is paid to the pharmacy. Medicaid policy currently allows for the dispensing of maintenance medications in 90-day supplies but few prescriptions are written in this manner. The result is that more dispensing fees are paid than are medically necessary.

Effective July 15, 2009, when OVHA is the primary payer, pharmacies will be <u>required</u> to dispense designated classes of maintenance drugs in 90-day supplies after the first fill. This limit will not apply to the first fill to allow prescribers the opportunity to test for therapeutic effectiveness and patient tolerance. It will not apply to changes in dosage, as those are considered new prescriptions. After the first fill, prescriptions for select maintenance drugs must be rewritten and filled for a minimum of 90 days for the drug to be covered.





Please be aware that:

- The full list of classes of drugs affected by this change will be posted on the OVHA's website at http://ovha.vermont.gov/for-providers.
- Examples of selected drug classes include: contraceptives, hormonal therapies, anti-diabetics (excluding insulin and other injectables), thyroid hormones, bisphosphonates, antihypertensives, cardiac medications, diuretics, lipid lowering drugs, drugs for asthma and COPD, PPIs, pancreatic enzymes, inflammatory bowel agents, phosphate binder agents, urinary antispasmodics, vaginal estrogens, prostatic hypertrophy agents, antidementia and antiparkinson agents, potassium supplements, platelet aggregation inhibitors and glaucoma medications.

For beneficiaries with other primary insurance including Medicare Part D, this rule does not apply.

As a reminder, Vermont Medicaid is the payer of last resort **AFTER** other insurers.

Co-Payments for VHAP, VPharm and VScript Plans

Effective July 15, 2009, the VHAP, VPharm and VScript plans will be modified to include a prescription drug copayment from the beneficiary. The following identifies the copayments that beneficiaries will be responsible for in each program.

Population affected	Prescriptions with OVHA cost share of \$29.99 or less	Prescriptions with OVHA cost share of \$30.00 or more
VHAP beneficiaries at or above 100% of the federal poverty guideline		
VPharm beneficiaries	\$1.00 Co-pay	\$2.00 Co-pay
VScript/VScript Expanded beneficiaries		

A pharmacy may not refuse to dispense a prescription to a Medicaid beneficiary who does not provide the copayment. However, the beneficiary will still owe the pharmacy any copay that is not paid. The pharmacy may tell the beneficiary that any later prescriptions may not be filled if the beneficiary does not pay what is owed.

VPharm Pilot Program for Statins and Proton Pump Inhibitors (PPIs)

In this year's legislative session, the elimination of VPharm was considered. VPharm provides coverage for Medicare Part D cost sharing. In the end, VPharm survived with changes designed to make the program less costly to the state budget. One change in the effort to contain costs is a pilot to limit the drugs covered to generics and OTCs in select classes. Effective July 15, 2009, OVHA will only cover the cost-sharing (deductible, donut hole and coinsurance) for select statins (HMG COA reductase inhibitors) and proton pump inhibitors (PPIs) for VPharm Part D-eligible beneficiaries.

- Statins all dosage strengths of simvastatin, lovastatin and pravastatin.
- PPIs omeprazole RX 10 mg and 20 mg and Prilosec OTC 20 mg.



- Most of the drugs no longer covered by VPharm under this pilot do not require prior authorization (PA) from the Part D Plans. However, if a beneficiary obtained a PA from his/her Part D Plan prior to July 1st, 2009, the drug will continue to be covered by VPharm through the VPharm PA process. It appears this is only the case with Lipitor for those enrolled in First Health Part D Premier Plan and First Health Part D Secure Plan.
- If no Medicare Part D prior authorization is in place prior to July 1, a VPharm coverage exception may be possible for a non-covered drug but only when a prescriber can detail the conditions that make it strictly medically necessary and/or provide evidence that the VPharm covered drugs are harmful.

Other Changes

Bulk Powders Used in Compounding

Effective July 15, 2009, bulk powders/chemicals/products used in prescription compounding will no longer be covered by the pharmacy programs administered by OVHA. CMS has clarified that bulk products are not considered covered outpatient drugs because they are not prescription drug products approved under section 505, 505(j), or 507 of the Federal Food Drug and Cosmetic Act. Please be aware that when dispensing compound drug products to patients, pharmacies will be required to utilize other non-bulk, FDA-approved products for the claim to be covered (for example, tablets or capsules). A partial list of NDCs that have been classified as bulk products will be posted on OVHA's website at http://ovha.vermont.gov/for-providers to assist you. You should also ask your wholesaler whether the product is listed by First Data Bank with a HIC3 of "U6W" or by MediSpan as 3rd Party Restriction of "B" which are both designations of "Bulk Chemicals". Bulk powders used to compound products for the prevention of pre-term labor will continue to be covered after Prior Authorization when no commercial alternative exists.

We understand these changes may impact your operations as well as our beneficiaries. In this economic environment, however, changes have to occur so that together we can preserve pharmacy benefit programs for those most in need.

Should you have any questions regarding these changes, please contact Jennifer Mullikin in the OVHA Pharmacy Unit. She can be reached at (802) 879-5900.

Sincerely,

Cynthia D. LaWare, Director Pharmacy Benefits Programs

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